

Message Text

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ACTION EUR-12

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INFO ALL EC CAPITALS

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AMEMBASSY LISBON

AMEMBASSY MADRID

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USEEC

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TAGS: EEC, PEPR, ECIN, PO

SUBJ: EC/PORTUGAL--THE COMMISSION ADOPTS OPINION ON

PORTUGAL'S ENTRY INTO THE COMMUNITY

REFS: (A) BRUSSELS 8285; (B) BRUSSELS A-319 OF JULY 9, 1976

1. SUMMARY: MAY 19 EC COMMISSION VICE PRESIDENT NATALI ANNOUNCED THE COMMISSION'S ADOPTION OF ITS FORMAL OPINION TO THE EC COUNCIL ON PORTUGAL'S APPLICATION FOR EC MEMBERSHIP. THE OPINION CALLS FOR EARLY ACCESSION NEGOTIATIONS AND EMPHASIZES THE NEED FOR CONSIDERABLE EC AID TO HELP PORTUGAL BECOME FULLY INTEGRATED INTO THE COMMUNITY. DURING HIS PRESS CONFERENCE MAY 19, NATALI ALSO EMPHASIZED THE NEED FOR SUBSTANTIAL EC ASSISTANCE TO "HELP PORTUGAL HELP ITSELF." HE SAID THE COMMISSION'S OPINION WILL BE CONSIDERED BY THE COUNCIL JUNE 6. END
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SUMMARY.

2. IN OUTLINING THE COMMISSION'S OPINION ON PORTUGAL TO THE PRESS, NATALI NOTED THAT IT HAD BEEN WRITTEN AGAINST THE BACKDROP OF THE RECENTLY PREPARED COMMISSION "FRESCO" ON EC ENLARGEMENT (REF A). HE COMMENDED THE PORTUGUESE GOVERNMENT FOR THE ECONOMIC REFORMS IT HAS

ALREADY INITIATED, BUT NOTED THAT THESE EFFORTS NEED TO BE SUPPLEMENTED BY SIGNIFICANT EC ASSISTANCE IN ALL SECTORS, PARTICULARLY THE INDUSTRIAL AND AGRICULTURAL, WITH A VIEW TO FACILITATING PORTUGAL'S FULL INTEGRATION INTO THE COMMUNITY. NATALI FURTHER SAID THAT THE EC MUST TAKE THE INITIATIVE IN HELPING PORTUGAL TO OVERCOME ITS BALANCE OF PAYMENTS (BOP) DEFICIT, AND, IN THIS CONNECTION, STATED THAT THE COMMISSION IS PREPARED TO USE ITS INFLUENCE TO TRY TO OBTAIN NEW CREDITS FOR PORTUGAL. HE INDICATED, HOWEVER, THAT THE OPINION DOES NOT TRY TO QUANTIFY THE OVERALL AMOUNT OF SECTORAL OR BOP ASSISTANCE REQUIRED.

3. THERE FOLLOWS A SUMMARY OF THE MAIN POINTS CONTAINED IN THE COMMISSION'S OPINION AS SUMMARIZED TO THE PRESS IN TWO WRITTEN NOTES (COPIES BEING POUCHED TO EUR/RPE AND LISBON). FULL TEXT OF OPINION ACTUALLY FORWARDED TO THE COUNCIL IS NOT YET AVAILABLE:

(A) NEGOTIATIONS: EC/PORTUGAL ACCESSION NEGOTIATIONS SHOULD BEGIN AS EARLY AS POSSIBLE SINCE PORTUGUESE ENTRY INTO THE COMMUNITY CAN ONLY STRENGTHEN THE EUROPEAN IDEAL. DEMOCRACY IN PORTUGAL IS A POLITICAL FACT OF LIFE. (NATALI SPECULATED THAT NEGOTIATIONS WILL OPEN THIS FALL).

(B) ECONOMIC PROBLEMS: PORTUGAL'S MEMBERSHIP WILL HAVE A UNCLASSIFIED

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VERY LIMITED ECONOMIC IMPACT ON THE EC. HOWEVER, PORTUGAL'S ECONOMIC DIFFICULTIES RISK BEING AGGRAVATED WITH THE OPENING OF ITS MARKETS TO COMPETITION FROM EC INDUSTRIES. THE EFFECTS OF INTEGRATION ON PORTUGAL'S AGRICULTURE WILL BE MORE NUANCED BECAUSE CERTAIN OF ITS PRODUCTS WILL BENEFIT FROM THE EXTENSION OF THE COMMUNITY PRICE SUPPORT SYSTEM. ON THE OTHER HAND, HOWEVER, LESS COMPETITIVE AGRICULTURAL PRODUCTS WILL BE DISADVANTAGED WITH THE OPENING OF PORTUGUESE MARKETS TO EC MEMBER STATES AND THIRD COUNTRIES.

(C) PORTUGUESE RESTRUCTURING AND EC FINANCIAL ASSISTANCE: THE EC MUST DECLARE ITS READINESS TO SUPPORT PORTUGAL'S EFFORTS TO REFORM ITS ECONOMY. IN THIS CONNECTION, THE COMMISSION WILL LATER SUBMIT TO THE COUNCIL A SERIES OF PROPOSALS OUTLINING TYPES OF EC SUPPORT TO ACCELERATE PORTUGAL'S ECONOMIC GROWTH AND TO FACILITATE ITS INTEGRATION INTO THE COMMUNITY. INTER ALIA, THE COMMISSION WILL RECOMMEND EC-PORTUGAL COLLABORATIVE RESTRUCTURING EFFORTS IN THE INDUSTRIAL AND AGRICULTURAL SECTORS. (COMMISSION WARNS THAT THE EC SHOULD NOT PRIOR TO PORTUGUESE ACCESSION APPLY IMPORT RESTRICTIONS TO

PRODUCTS OF PRIME IMPORTANCE TO PORTUGAL.)
IN ORDER TO SUPPORT PORTUGAL'S EFFORTS TO REDUCE ITS
BALANCE OF PAYMENTS DEFICIT, THE EC SHOULD DEVELOP
INITIATIVES IN VARIOUS INTERNATIONAL FORA, PARTICULARLY
IN THE IMF, BUT THE COMMUNITY SHOULD ALSO STIMULATE
AND PARTICIPATE IN PURELY EUROPEAN ACTIONS. SUCH ACTIONS
SHOULD INCLUDE (1) EC SUPPORT OF PORTUGAL'S APPEALS
FOR ASSISTANCE FROM THE INTERNATIONAL CAPITAL MARKETS;
(2) EXAMINATION OF THE POSSIBILITY OF RECYCLING CERTAIN
EC LOANS DUE TO EXPIRE; AND (3) ACCELERATION OF
DISBURSEMENTS UNDER THE 1976 EC-PORTUGAL FINANCIAL
PROTOCOL (REF B). HINTON

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